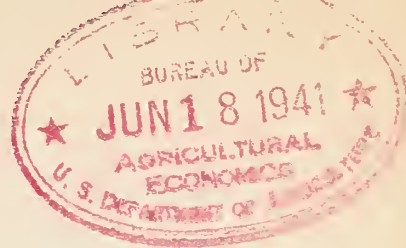


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Marketing Activities

Issued Monthly by

**AGRICULTURAL
MARKETING
SERVICE**

U. S. DEPARTMENT OF AGRICULTURE

**Vol. 4 No. 6
June 1941**

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COMBING THE WORLD FOR PLANTS

By Harry Henderson Page 3

Don't look now, but that muskmelon in your icebox is probably a cross between American and Indian varieties. The "plant hunters" have been on the job again. After interviewing these Marco Polos of agriculture, the editor of Marketing Activities has decided that theirs is indeed a fascinating profession.

CANNED SUNSHINE

By F. C. Jones Page 7

The grapefruit canning industry has mushroomed from practically nothing in 1925 to the status of real big business today. And the end is not yet in sight. Mr. Jones, Bureau of Agricultural Economics specialist, will tell you all about it.

THE MORGAN CASE

By Howard D. Dozier Page 11

When Secretary Hyde issued an order prescribing reasonable rates at the Kansas City Stockyards back in 1930, he had no idea that his action would still be a topic of discussion in 1941. Neither did anyone else. Dr. Dozier, Agricultural Marketing Service economist, has followed the course of this legal battle from start to finish.

THE COUNTRY FRUIT AND VEGETABLE AUCTION

By Neptune Fogelberg Page 15

We watched them sell cauliflower once out on Long Island and we can tell you definitely that there is no "chant of the fruit and vegetable auctioneer." Nevertheless, a lot of fruits and vegetables are sold in small lots at these auctions as Mr. Fogelberg, Farm Credit Administration economist, points out.

ON THE MARKETING FRONT Page 19

Something is always happening in the marketing field. If the State and city marketing officials would only send us a few more items, we would be glad to pass them along to you.

COMBING THE WORLD FOR PLANTS

By Harry Henderson

It may be a surprise to you, but only a few cultivated crops can claim to be dyed-in-the-wool natives of North America -- cranberries, blueberries, Concord grapes, pecans, and black walnuts are included in this select group. The rest immigrated in roundabout fashion from all parts of the earth. The original home of the peach, for example, was in China. The potato came from Peru--not Ireland. And the apple originated in the general neighborhood of a country very much in the news these days--Iraq.

The birthplace of our crops is a matter of keen interest to plant breeders, and particularly the wild forms that can still be found there. While some of these shaggy specimens can't hold a candle to the carefully nurtured varieties that are grown in the United States, occasionally one of them shows up with a special resistance to disease or insects. Sometimes, as in the case of soybeans and lespedeza, an entirely new crop is brought into the country. "Plant hunters" of the Department of Agriculture's Bureau of Plant Industry are always on the lookout for varieties that may prove useful in the United States, and the small sums spent on their explorations to all sorts of out-of-the-way places have frequently paid enormous dividends.

The benefits of plant exploration and introduction are not always immediately forthcoming, of course. This was the case when Frank Meyer, Department of Agriculture plant hunter, became interested in a strain of native spinach while exploring for plants in Manchuria back in 1908. He sent a few packets of the seed to the United States with his plant collections, but the variety proved to have little commercial value.

Years later, the fall spinach crop in Virginia developed a form of mosaic--"spinach yellows" the growers called it--and it soon became impossible to grow the crop in most of the Norfolk area. In looking around for resistant varieties, plant breeders at the Virginia Truck Experiment Station tried some of Meyer's Manchurian spinach seed. It proved to be resistant to the mosaic and was crossed with the Bloomsdale variety to produce the Virginia Savoy. This variety has saved the spinach industry in Virginia--to the consternation of little boys all over the country.

Rescuing California's Melon Industry

The rescue of California's 7-million dollar melon industry was equally dramatic. The disease invader this time was powdery mildew, which suddenly attacked the Imperial Valley melon crop in 1926. The usual fungicides were tried, but the disease continued to spread and finally the plant breeders went into a huddle to find ways and means of developing mildew resistant varieties. In searching for resistance,

the California Agricultural Experiment Station and the U. S. Department of Agriculture, working jointly, tested melon varieties and strains from all parts of the world. These efforts were unsuccessful until 1928.

That year a plant hunter found a variety growing in India--the ancestral home of the muskmelon. The fruit from the Indian variety looked more like a cucumber than a melon, it had a very low sugar content, and an unpleasant flavor--a mongrel if there ever was one. But it was resistant to powdery mildew. Several commercial varieties were crossed with the mildew-free plants, and backcrossing hastened the production of a variety--No. 45--that combined the resistance of the Indian melons with the eating and shipping qualities of American varieties.

No. 45 didn't solve the mildew problem for good and all, however. About 3 years ago a new form of mildew--downy mildew this time--suddenly appeared in Imperial Valley cantaloup fields. To combat this new outbreak plant breeders developed the No. 8 which is resistant to both types of the disease. More than a hundred cantaloup types are still being tested in the hope that an even better variety than No. 8 may be obtained, and a number of melons resistant to both powdery and downy mildew have been developed. It is only a matter of time until better varieties will be obtained--varieties adapted to other areas as well as to California.

The value of plant introduction as a means of solving similar problems with other crops is gaining greater recognition every day. Frank L. Howard, a plant pathologist at Rhode Island State College, has been testing foreign introductions of eggplant varieties for a number of years. Several varieties, grown from seed collected by Walter Koelz in India, have high immunity to eggplant rot. These varieties have possibilities for crossing, but Howard has been pleasantly surprised to find that two Indian varieties have enough commercial merits to be grown "as is."

Insect-resistant Onions

The crossing of foreign and domestic varieties is sometimes helpful in controlling insects as well as disease. W. E. Whitehouse, while plant hunting in Persia for the Department of Agriculture, discovered a variety of onion that had a marked resistance to thrips. These tiny insects feed on the juice of the plant, though they probably do so with tears in their eyes. The leaves of most onions have flat sides that protect the thrips from their natural enemies and from adverse weather conditions. But the leaves of the White Persian variety are almost circular in cross section and protection for the thrips is reduced to a minimum.

The plant breeders are still working on the problem of bacterial wilt in alfalfa, which annually destroys hundreds of thousands of acres of the crop with losses that are equal to such major catastrophes as

floods or droughts. These losses include not only the crop destroyed by the disease, but also the loss of production from the land until a new crop is established. It is estimated that farmers would be able to save millions of dollars if they could maintain alfalfa stands for even 2 years longer.

Considerable preliminary work indicated that cultural practices in general would not control bacterial wilt in alfalfa. The only avenue of approach that offered possibilities was a breeding program. So, to this end, H. L. Westover, one of the Department of Agriculture's plant hunters, has been gathering alfalfas from remote parts of the globe for a number of years. Of the alfalfa strains tested from every continent and almost every country, practically the only strains having decided resistance to bacterial wilt have been found in the region around Russian Turkistan, northern India, western China, and northeastern Persia. Even some alfalfas of the wild type found in this region have shown resistance to wilt.

The collection has progressed until about 1,000 different strains of alfalfa are growing in various nurseries in the United States. Plant breeders will try to combine the good qualities of commercial alfalfas, such as Grimm and Common, with the bacterial wilt resistance found in the Turkistan alfalfa.

Rip Van Winkle Tobacco Seeds

Tobacco plants from seeds that had slept longer than Rip Van Winkle were found by plant hunter W. A. Archer while on an expedition in Costa Rica. Tobacco was an important crop in that country about 60 years ago, and during the drying process some of the tiny seeds trickled through the floors of the drying houses. As the years went by these buildings were shaken down by earthquakes or demolished by their owners. Archer found volunteer plants growing among the ruins of the drying houses, warm tropical rains and bright sunshine having aroused the seeds from their long slumber. Seeds from these volunteer plants, long since out of cultivation, were brought back for plant-breeding purposes and some of the varieties show considerable promise.

On another trip to the State of Matto Grosso, Brazil, Archer found a variety of giant peanut--a real whopper that grows 3 or 4 inches long. The kernels of these peanuts are larger than the ordinary American peanut, shells and all. Now that peanuts are becoming an increasingly important crop in this country as a source of vegetable oil, this mammoth variety offers some distinct possibilities.

Archer, who has made several trips to the steamy jungles of Latin-America, denies that any unusual adventures have ever overtaken him. The Indians have blow-guns, yes, but none of their darts have ever whistled past his red head, and he has never come to grips with a python in the dead of night. He claims, and other plant hunters back him up,

that agricultural exploration is mostly routine work. The chief difficulties are a lack of safe drinking water and a good place to sleep.

Others Carry On

The spread of the war has rather cramped the style of the Department's plant hunters, but other Government officials are carrying on with enthusiasm. Last winter the following letter was received at the Department of Agriculture from Nelson Truslow Johnson, at that time American Ambassador to China:

"The other day I had lunch with the Generalissimo, and for dessert there was produced a most interesting melon that had come from Tihua or Urumtsi in Sinkiang. I estimate from the size of the pieces that were given us that the melon was about a foot and a half long, perhaps a little smaller. The outside was a dark green smooth surface, with buff-colored raised veins such as cover the surface of a muskmelon. They were fewer in number, however, and made a design like the cracked ice pattern on the old blue and white ginger jars of our grandmothers. The meat was pink, sweet, with the crispness of the watermelon, and about four inches thick.

"I begged the seed and am now trying to dry them and shall send them to you, perhaps packed in tea leaves, in the hope that they will not mildew in transit. I am sending them to you in the hope that they can be experimented with under conditions resembling those of Sinkiang--hot summers, irrigation, and sandy soil. Getting this melon at this time of year, perhaps brought by plane from Sinkiang, suggests that the fruit is a late variety."

This interest in unusual products of the soil is not new by any means. In the village of Fukushoji, in the province of Kii, Japan, there is a monument to one Tajima Mori who went to China eighteen hundred years ago to bring back citrus fruits. He spent 9 years on this project and the monument records, "How magnificent is the result of Tajima's work." In more recent times history repeatedly tells of the efforts of governments everywhere to introduce new trees and plants to enrich and diversify their agriculture and to beautify their gardens. Wars can delay this work but they can't stop it.

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BLACK WALNUT YIELDS

HIGHEST PRICED TIMBER

The native American black walnut continues to yield the highest priced timber in the United States, the Forest Service reports in its 1940 annual summary on stumpage and log prices. Black walnut logs brought an average price of \$86.21 per thousand board feet for all States, although one purchase at a price in excess of \$200 was reported.

CANNED SUNSHINE

By F. C. Jones

Bureau of Agricultural Economics

The spectacular expansion of the grapefruit industry--from somewhat less than 9 million boxes in 1925 to over 40 million boxes in 1940--was accompanied by the usual quota of growing pains. As production increased by leaps and bounds, one of the most important problems of grapefruit producers was the need for some outlet, other than the fresh fruit market, for grapefruit classed as "culls" or "grove run." The marketing of such fruit tended to depress prices of even the top-grade product.

The canning of grapefruit juice and segments has provided a very satisfactory solution to this problem. As a matter of fact, by diverting the lower grades to the canning factories, growers have derived a double advantage: They have been able to maintain higher prices for the better-quality fresh fruit, and sales to the factories have added millions of dollars to their annual incomes. The grapefruit canning industry has worked out so successfully that it now threatens to become the tail that wags the dog. Fifteen years ago, for example, less than 10 percent of the crop was canned; but in 1940 almost 50 percent of the total production was marketed as canned juice and segments.

While the need for some means of marketing "grove run" fruit provided the impetus that started the grapefruit canning industry rolling, increased consumer demand for the canned product has put this enterprise into high gear. A considerable part of the increase in demand has been due to an increasing demand for breakfast fruit prepared ready to serve, for fruit cocktails, and for the use of fruit juices in mixed alcoholic drinks. The well-advertised vitamin content of citrus fruits and a definite shift to nonfattening foods have also been factors in maintaining consumer interest.

Canning Experiments Conducted in 1915

To begin at the beginning, experiments in the canning of grapefruit segments were made in Florida as early as 1915, but they were not successful because of improper methods of preparing the fruit. A few years later, however, grapefruit was successfully canned in Puerto Rico, and in 1920 the first commercial pack from Florida was offered to consumers.

The first commercial pack of canned grapefruit juice was placed on the market in 1928. While the obstacles that had to be overcome in order to produce an acceptable canned juice were greater than those encountered in the canning of segments, the juice has been most popular with consumers. In 1939 almost 80 percent of the grapefruit taken by canners was converted to juice. Some orange juice is canned, though on a much smaller scale than is the case with grapefruit juice.

Grapefruit juice is sold in the form of cordials, squashes, or pure fruit juice. Cordials are clear beverages consisting of fruit juice to which sirup has been added, usually together with small quantities of flavoring and coloring materials. Squashes, on the other hand, are cloudy—a characteristic that is due to the presence of fruit cells and suspended matter in the juice. Cordials and squashes are most popular in Great Britain, but pure fruit juices are in the greatest demand in the United States. Pure fruit juice was formerly rendered clear, but today it is put up in the cloudy form.

Regardless of the form the canned product takes, the fruit used for processing must be selected carefully. Fruit that is immature or overripe, that is kept too long after picking, or that contains decayed material must never be used. While the canning industry uses cull or grove-run grapefruit, such fruit is not below standard as far as its food value is concerned. The skin may be blemished, or the fruit may be too large, too small, or of odd shape, thus undesirable for market in the fresh form. Usually the grapefruit used for canning is picked at a later stage in the ripening process than that for fresh use and the canned product, as a result, has a more mature flavor than the ripe fruit.

The grading of grapefruit juice and segments has done much to improve the quality of the product offered to consumers today. Two grades have been developed in tentative form for canned grapefruit juice—U. S. Grade A (Fancy) and U. S. Grade C (Standard). Grades for the canned juice are based on three factors: Color, absence of defects, and flavor. For canned grapefruit segments three grades have been established: U. S. Grade A (Fancy), U. S. Grade B (Choice), and U. S. Broken (Broken). Grades for the canned segments are based on four factors: Uniformity of size, absence of defects, character of the fruit, and flavor.

The homemaker has the assurance of the canner that grapefruit products bearing grade designations such as "Grade A" or "Fancy" are of the grade claimed. The responsibility for the accuracy of the grade designations thus falls on the canner under existing law. If goods are not of the grade claimed, they are subject to seizure for misbranding under the United States Food, Drug, and Cosmetic Act.

Continuous Inspection Guarantees Quality

In two Florida plants grapefruit juice and segments are being packed under the continuous inspection service of the Department of Agriculture. Under this service Government inspectors observe the preparation and packing of the product at each step in the canning process. The plants have been thoroughly inspected in line with certain rigid "good housekeeping" rules, and it is one of the inspector's duties to see that cleanliness is maintained at all times. Employees who handle food must have passed a physical examination and products are carefully inspected for wholesomeness and quality as they are packed in the cans.

Grapefruit products packed under continuous inspection carry the prefix "U.S." in connection with the grade designation. When the grade is indicated such as "U. S. Grade A (Fancy)" it is accompanied with the following statement: "This product was packed under the continuous inspection of the Agricultural Marketing Service, U. S. Department of Agriculture, and the above grade is officially certified."

The interest of the Department of Agriculture in grapefruit processing hasn't ended with the grading program. In 1936, to assist producers in the marketing of their exceedingly large crops, 722,000 cases of grapefruit were canned on order of the Department. From the 1937 crop the Department purchased 1,745,000 cases of canned juice from canners' stocks, and from the 1938 crop it had 2,035,000 cases of juice processed from fruit purchased from growers--about 18 percent of the total pack. The Department made no purchases of grapefruit for canning from the 1939 crop, but up to May 10 of this year the Department had purchased approximately 602,000 boxes of grapefruit to be processed, 401,000 cases of segments, and 718,000 cases of juice from canners' stocks. These purchases can be distributed to direct relief clients, used for school lunches, sold to the Red Cross, or shipped to Great Britain under the terms of the Lend-Lease Act.

A Look Ahead

Barring unusual damage to grapefruit trees from hurricanes or other disasters, production is likely to remain large for some time. While no substantial increase in bearing acreage is in prospect in the four main producing areas--Florida, Texas, Arizona, and California--about 65 percent of the bearing grapefruit trees in the United States have not yet reached the age of full production. The increasing bearing surface of a large proportion of the trees will cause the upward trend in production to continue for the next 5 years. The total quantity of grapefruit placed in cans probably will increase along with production, but whether a greater portion of the crop will be canned than the 50 percent processed this year is problematical.

From 1934 to 1938 about 33 percent of our pack of canned grapefruit segments was shipped to Great Britain, but exports have been negligible since July 1940. Exports of segments, juice, and concentrates to Britain may be increased during the next 15 months under the terms of the Lend-Lease Act, though the volume exported will be dependent to a very large extent upon available shipping space.

The situation, then, shapes up something like this: Grapefruit trees will probably continue to put on more fruit for the next 5 years or so, though the effect of these increased supplies on prices probably will be more than offset by rising consumer purchasing power, at least in the immediate future. In other words, prices of grapefruit are expected to rise somewhat. As production increases the pack and consumption of canned grapefruit products will probably also increase.

"ELECTRIC EYE" GIVEN NEW JOB
OF MEASURING PROTEIN IN WHEAT

The "electric eye", which has such a wide variety of industrial uses, will probably be given the new task of measuring the protein content of wheat. Research by the Agricultural Marketing Service indicates that the photometric determination of protein content requires less time and much less expensive equipment than the conventional Kjeldahl protein test, and is especially suited for large-scale routine work. The results obtained by use of the electric eye are also expected to provide a somewhat better index of ultimate bread-making quality than the Kjeldahl test.

In making determinations with the new apparatus the wheat is ground and the proteins extracted by chemical means. By the addition of other chemicals, the glutenous proteins are brought into a stable colloidal suspension, and when a beam of light is focused on a standard tube containing this suspension, part of the light is prevented from passing through by the protein present. Thus, the amount of light passing through the tube is an index of protein content and is measured accurately and nearly automatically by a photometer equipped with an electric eye or photo-electric cell.

The method has been so devised that the nongluten proteins of the wheat--the bran and germ proteins--have relatively little effect in obstructing the beam of light. For this reason the gluten proteins, the only proteins of importance from the standpoint of ultimate bread-baking value, are determined nearly independently from the other proteins and nitrogenous substances present in the wheat.

The most expensive piece of apparatus used is the photometer equipped with an electric eye. This instrument is less expensive than the moisture testers and dockage testers now in use, however, and officials hope to reduce the cost still further. Improvements are also sought in the apparatus.

Lawrence Zeleny, Agricultural Marketing Service grain technologist, developed a method in 1940 for determining the protein content of wheat flour through use of the "eye." His adaptation of the apparatus to grain testing has been a more recent development.

Total egg production during coming months is expected to be at least as large as a year earlier, and may be a little larger, the Bureau of Agricultural Economics reports. Prices received by farmers for eggs during the remainder of 1941, however, are expected to continue above those of a year earlier because of the larger consumer incomes and price-supporting policies of the Government. Wholesale egg prices now are about 8 cents higher than a year ago (June 6).

THE MORGAN CASE

By

Howard D. Dozier

The United States Supreme Court, on May 26, 1941, handed down its fifth opinion in the Morgan Case, commonly referred to as the Kansas City Livestock Commission Rate Case. This final decision, in favor of the Government, will result in the refunding of about \$586,000 to livestock producers and feeders who dealt with commission men of the Kansas City Livestock Exchange between July 1933 and November 1937.

The Morgan Case actually began in April 1930--over 11 years ago--when Secretary of Agriculture Hyde issued an order of inquiry into the reasonableness of rates charged by commission men at the Kansas City market. The order was issued under the authority of the Packers and Stockyards Act, which specifically provides that rates charged by commission men operating at stockyards under the supervision of the U. S. Department of Agriculture must be reasonable.

In order for both sides to have an opportunity to present their case, a hearing was begun in December 1930 and lasted until February 1931. Oral argument on facts brought out at the hearing was heard in March 1931. The next year, in April 1932, a 4-day conference was held between representatives of the Department of Agriculture and the commission men to find ways and means of reaching an agreement on rates, but the conference was unsuccessful.

Reasonable Rates Prescribed

In May 1932 Acting Secretary of Agriculture Dunlap issued an order prescribing reasonable rates to be observed by the commission men.

The commission men, through their attorney, at once took steps to carry the case into the courts. At the same time, they filed a petition for a rehearing, claiming, among other things, a change in economic conditions. After considering the grounds set forth in the petition and after giving consideration to other evidence, Secretary Hyde, in July 1932, granted the rehearing. In the meantime the commission men had filed a schedule, which they estimated would effect a reduction of 10 percent in rates, and later experience proved that this estimate was substantially correct. The Secretary's order granting a new hearing was directed against these newly filed rates.

The second hearing was held in the fall of 1932, and in March 1933 the case was again argued orally, this time before Assistant Secretary Tugwell. On the basis of information developed at this hearing, a tentative order was prepared by representatives of the Department of Agriculture for the consideration and study of Secretary Wallace.

Both at the second hearing and at the second argument the attorney for the commission men stated that unless an examiner's report, or something analogous to it, were served upon him he would raise the constitutional question that his clients had been denied the full hearing to which they are entitled under the law. Secretary Wallace, after giving much study to the case and after consultation with various representatives of the Department of Agriculture, modified the rates contained in the tentative order prepared for him by appointed subordinates and signed it in June 1933.

The commission men, in appealing the case in District Court, alleged that they had not received a full hearing because no examiner's report had been served upon them. They also alleged that the Secretary of Agriculture had not given sufficient personal attention to the record, and that he had relied too much upon the work done by his appointed subordinates. The Government moved to strike the allegation that the Secretary had not given a full hearing and the District Court granted the motion. The court held that Secretary Wallace had given the commission men full hearing and that the order prescribing reasonable rates was supported by substantial evidence.

Funds Ordered Impounded

The District Court ordered that the commission men impound in the court's registry the amount by which the revenue collected under the rates in effect exceeded those which would have been collected by the rates prescribed in the order. The impounding period extended from July 1933 to November 1937 when, by agreement between the commission men and the Secretary of Agriculture, a new schedule of rates went into effect. This was done with the understanding that the permitting of such rates by the Secretary would not prejudice the position of either party during pending litigation.

Following the decision of the District Court, the commission men appealed to the Supreme Court of the United States. In an opinion of some length handed down in May 1936, the Supreme Court indicated in a general way the steps necessary to a full hearing. It held that the lower court had erred in not giving the commission men an opportunity to prove that they had not had a full hearing, and remanded the case without passing upon the merits of the controversy.

Proceeding in conformity with the Supreme Court decision, the Government took the deposition of Secretary Wallace, and counsel for the commission men questioned him regarding how and by whom the tentative order was prepared, and what he did by way of study of the record and consultation with his subordinates. The District Court, with the old record before it, the new evidence of the Secretary of Agriculture, the evidence of a former Solicitor, and the evidence of the Chief of the Packers and Stockyards Division, again held that the Secretary of Agriculture had given the respondents a full hearing and that his order

prescribing reasonable rates was supported by substantial evidence.

From this opinion of the lower court the commission men again appealed to the Supreme Court. In April 1938 this court reversed the lower court by holding that the hearing granted by Secretary Wallace to the commission men was fatally defective, that the commission men had not had a full hearing, and that consequently the order of the Secretary was invalid.

Secretary Wallace, who had devoted much time and study to the case, was keenly disappointed at this verdict. He assumed that the case had finally been decided against the Government and that the \$586,000 fund would be distributed to the commission men without a determination ever having been made as to the merits of the controversy. This assumption proved to be unwarranted, for shortly after the decision the Solicitor General, who had argued the case before the Supreme Court, filed a motion with the court for a reargument. The court denied this motion in May 1938, but in doing so indicated the possibility of further proceedings. The court said, in legal language: "What further proceedings the Secretary might see fit to take in the case and what determinations the District Court might make in relation to those proceedings were not matters that the court should attempt to forecast or hypothetically to decide." The door had been left ajar. The Government obtained from Mr. Justice Butler (the Supreme Court having adjourned) a stay of the distribution of the money to the commission men until it could be determined whether the Secretary would be given a chance to correct his procedural errors and to determine an appropriate basis for the distribution of the funds.

Government Seeks Delay in Distribution of Funds

The Government moved in District Court in the summer of 1938 that the court stay all further proceedings in the case and order that funds be held until such time as the Secretary should issue a final order in the proceedings. The District Court denied the motion of the Government and directed that the funds be distributed to the commission men.

The Government appealed, and in May 1939 the Supreme Court reversed the decision of the District Court and held that the Secretary of Agriculture had authority to reopen the proceedings, to hold further hearings, and to determine reasonable rates for the period during which the impounding had taken place. The court held that such a determination, assuming that it was supported by evidence and that a full hearing had been given, would afford an appropriate basis for the District Court to dispose of the funds impounded in its registry. While the appeal from the ruling of the lower court with respect to the disposition of the impounded funds was pending, the Secretary was proceeding with the taking of evidence, the hearing of oral argument, and attempts to correct his procedural errors.

The commission men, in opposing these steps, filed with the Secretary motions to vacate the order that the Secretary had served upon them reopening the case, an affidavit of bias and prejudice on the part of the Secretary, and a number of other matters in connection with this phase of the proceeding. Nevertheless, after taking additional evidence at a hearing, the Secretary, in June 1939, issued an order determining the reasonableness of the rates during the impounding period. This order of the Secretary prescribed rates identical with those contained in the original order of June 1933. The Government filed a motion with the District Court that the commission men should show cause why the District Court should not distribute the impounded funds in accordance with the rates prescribed in the order of June 1939.

District Court Decides For Commission Men

The commission men resisted the motion and again challenged the validity of this order on the ground that they still had not been given a full hearing and that the record did not support the Secretary in finding that the rates in the order constituted a reasonable basis upon which the District Court should distribute the \$586,000 of impounded funds. The court decided this time that the Secretary of Agriculture had not given the commission men a full hearing and the impounded funds should be returned to the commission men.

From this fourth decision of the District Court an appeal was taken, and the Supreme Court, on May 26, 1941, held in favor of the Government. Six members of the court held that the order of the Secretary, issued in June 1939 constituted an appropriate basis for distributing the funds to the producers and the feeders. Mr. Justice Roberts was not in agreement with the majority on this point and felt that a more exhaustive study of conditions during the impounding period should have been made.

In the final stages of this litigation the District Court had authorized the commission men to take the deposition of Secretary Wallace. He appeared in person at the trial in Kansas City, however, and testified at considerable length regarding the processes that he had followed in reaching the conclusions set forth in the final order. He was questioned as to how he had studied the record and as to the subordinates with whom he had talked. The Supreme Court was unanimous in its opinion that the District Court had erred in allowing the Secretary to be subpoenaed. In effect, the court held that administrative officers, and quasi-judicial bodies to which Congress has committed legislative authority, should not be subjected to inquisition.

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The Packers and Stockyards Act was passed by Congress on August 15, 1921, and was amended on August 14, 1935, to include poultry markets.

THE COUNTRY FRUIT AND VEGETABLE AUCTION

By Nephtune Fogelberg
Farm Credit Administration

A little publicized but significant development of recent years has been the growth of small-lot country fruit and vegetable auctions along the Atlantic Seaboard. These markets are unpretentious--the total investment in land, buildings, and equipment is as small as fifty dollars in some instances--but their obvious advantages compensate for their general lack of architectural style. The producer who sells at auction knows exactly what his products bring and he is sure of getting his money. The buyer is able to obtain needed supplies with a minimum of time and expense. Under certain conditions, at least, the auctions have demonstrated that they are efficient marketing organizations.

About 65 auctions are located in the Seaboard States, from Massachusetts in the North to Florida in the South, with the heaviest concentrations in the important fruit and vegetable producing areas. New Jersey has 9; the Eastern Shore of Delaware, Maryland, and Virginia has 34; and the southeastern part of North Carolina has 13. The remainder are scattered over the entire area.

The volume of products handled by these little markets is surprisingly large. In terms of production in the 10 States, the auctions handle some years nearly 50 percent of the total strawberry crop; 40 percent of all Lima beans, cauliflower, cantaloups, and cucumbers; about 20 percent of the green peppers; and nearly 10 percent of the string beans, green corn, eggplant, and peas. Some years the auctions handle over 8 million packages.

A Look At a New Jersey Cooperative

To get a line on the way these auctions operate, let's take a look at one of New Jersey's cooperative markets. At this particular auction the growers drive in with their trucks and take their place in line. Two driveways run through the auction block, and as the growers approach the auction shed they pass an inspection platform. Here a representative sample of each load is taken by an employee of the auction. who stamps the sample so that it can be located in case of a complaint. Also at the inspection platform is a Federal-State inspector who selects loads at random to see whether they are topped with better-grade produce, to check size specifications, and to see that the face of the package is reasonably representative of the whole.

From the inspection platform, the growers drive into the auction block where the samples are removed from the load by auction employees and arranged for display. The trucks move in two lanes, and sales are made rapidly because samples from a truck in one lane are being prepared for display while the load from a truck in the second lane is being sold.

As soon as the sale is completed, a clerk makes out a sales slip in quadruplicate on a register. This sales slip records the name of the grower, the name of the buyer, the commodity, grade, number of packages, and the selling price. One copy of the sales slip is given to the buyer, one to the grower, one copy is sent to the office for extension of the buyer's bill, and one remains in the machine as a permanent record. Each grade of a given commodity constitutes a sale, consequently one truckload may involve a number of sales.

The auction shed has open sides and contains three platforms of truck height, the two narrow outside platforms being used by spectators. Between the two outside platforms and the wide platform in the center are the two driveways. At the one end of the center platform is located the auctioneer's stand and a small desk for the clerk. The trays containing the samples are placed in front of the auctioneer's stand. The buyers' stand is located just beyond the trays and the seats are arranged as in an amphitheater so that each buyer has a good view of the sample trays.

Buyers operating only one truck transfer their purchases directly from the farmers' trucks to their own. At this particular auction, space on a loading platform is assigned to buyers loading out two or more truckloads a day so that produce they buy can be assembled for two or more destinations. This loading platform is also used by growers delivering more than one load of the same commodity and grade.

Federal-State Inspector Acts as Arbitrator

If any complaint is made at the time the produce is transferred from the grower to the buyers, the Federal-State inspector is called in to act as arbitrator. When the sale is ended and a buyer's purchases are transferred to his truck, he presents his copies of the sales slips to the cashier. In the meantime, as each sale was made, the office copy of the sales slip was received in the office, the necessary extensions made, and the slips filed under the name of each buyer. The cashier compares the buyer's copies of the sales slips with those in his file, and, if the two records check, accepts payment. The receipted copies of the sales slips are the clearance papers that permit the buyer to leave the auction yard with his truck.

Buyers who have established a credit standing with the auction are allowed up to 3 days after the date of purchase in which to make settlement. Others are required to pay for produce bought before removing their loaded trucks. Growers are paid by the auction twice each week, each payment covering 3 days' sales.

Commission charged the grower at this auction is computed at the rate of 1 cent per package for produce selling for 50 cents or less, 2 cents for produce selling for between 51 cents and \$1.00, 3 cents for units of \$1.01 to \$2.00, and 4 cents for units selling for more than \$2.00. The commission charged, of course, is used to defray the expenses incurred by the auction.

While the fundamental steps of auction marketing are the same for all auctions, no two markets follow exactly the same method of operation. At some auctions, for example, the growers are paid immediately after each sale. Payment may also be made through the local bank, direct to growers by the buyers, or through the auction. The number of copies of the sales slip prepared may vary from one to four. The auction fee charged the grower may be at a stipulated rate per package; the rate may vary according to the price received; or the charge may be a stipulated percentage of the gross sales value. In some instances, buyers as well as growers are charged a fee to cover certain services performed by the auctions.

Small Investments the Rule

The small investment in land, buildings, and equipment is one of the striking characteristics of the small-lot country fruit and vegetable auctions. In many cases the facilities consist of only a roof on posts with possibly a loading or display platform. Some of them are constructed in such a flimsy fashion it is not uncommon for an auction shed to be blown down in a not-so-heavy wind. A considerable percentage of the auctions represent an investment of \$50 or less and about three-fourths of them have less than \$500 invested. A few auctions, however, have over \$5,000 invested, and one--municipally owned--values its physical facilities at almost \$25,000.

Of 16 auction markets studied by the Farm Credit Administration, selling expenses ranged from one-half cent to over 5 cents per dollar of sales. The average was under 3 cents, however. The expenses incurred at these markets were broken down as follows: Salaries, 67 percent; property expense, 15 percent; supplies and services, 7 percent; and miscellaneous expense, 11 percent.

The success of the auction market is as dependent upon the ability of the auctioneer as upon any other factor. The successful auctioneer must have a thorough knowledge of produce and must be familiar with current market prices. It is helpful to the auctioneer if he knows the growers patronizing the auction and the type of produce they usually pack. Then if he also knows the buyers and the quality of produce they are accustomed to buy, the auctioneer is able to judge reasonably well when the maximum price has been reached for a given lot of produce. A small additional amount per package, obtained through the efforts of a good auctioneer may mean many dollars to the grower.

The auctioneers are evidently doing a good job, for most growers who sell at auction state that they do so because of the higher net returns over other forms of marketing. Others advance the argument that the auction is the only practical or reasonable method of sale available, and that there is less risk in selling at auction. In a community served by an auction, the majority of growers generally favor this type of marketing.

The attitude of buyers to the auction method of selling is also favorable. Most buyers are of the opinion that the auctions have widened the distribution of fruits and vegetables from local areas and have improved grading practices. Buyers also believe that the auction markets have increased the movement of fruits and vegetables by motortruck. It is significant, too--from the standpoint of producers--that buyers admit they pay higher prices at the auctions than when they buy direct from the farm.

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WICKARD STRESSES NEED FOR MUCH LARGER OUTPUT OF CHEESE AND EVAPORATED MILK

In a recent letter to M. L. Wilson, Director of Extension, Secretary Wickard warned that milk production must be maintained at high levels. The Secretary said:

"Recent information indicates that, while there appears to have been a satisfactory increase in total milk production, the current rate of producing milk for cheese and for evaporated milk is considerably below that necessary to furnish sufficient quantities of these two products for Lend-Lease purchases and for our own people as well.

"Our ability to supply these quantities will depend a good deal upon increasing the supply of milk in those areas surrounding cheese and evaporated milk plants.

"In view of the importance of increasing the output of these two dairy products, I suggest that these facts be brought to the attention of the directors of extension in all States where there are plants for making cheese and evaporated milk, and through the directors and other agencies to all milk producers. It is especially important to get this program started during the flush milk production season."

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U. S. SOYBEAN STANDARDS AMENDED

An amendment, which constitutes a complete revision of the official standards of the United States for soybeans, will become effective September 1, 1941.

The Agricultural Marketing Service, which administers the Federal Grain Standards Act, says that the maximum amount of moisture allowed in grades Nos. 1, 2, and 3 under the amended standards was lowered somewhat, while the quantity of splits permitted in the numerical grades Nos. 1 and 2 was increased. A dockage system was established whereby most of the determinations as to the grades of soybeans are made after the removal of the dockage.

ON THE MARKETING FRONTL.A. WEBSTER ELECTED PRESIDENT
OF NEW ENGLAND MARKETING GROUP

At a recent meeting of the New England Association of Marketing Officials, held at Brattleboro, Vt., Mr. Louis A. Webster, Director of Markets for the Massachusetts Department of Agriculture, was elected president. Mr. J. Kroeck, Market Investigator of the Massachusetts Department of Agriculture, was re-elected Secretary.

Problems discussed at the meeting related to Army purchases of farm products; to egg price quotations on the Boston market; and to a proposed Congressional Committee tour of New England for the purpose of acquainting Congressmen on the needs of New England agriculture. Recommendations were drafted for consideration by the New England Turkey Growers Associations for the coming marketing season, and the work of the Connecticut Poultry and Egg Marketing School was discussed.

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CCC STORING CORN IN
NORTHEASTERN CITIES

The Commodity Credit Corporation has been moving corn out of the Middle West for storage in Buffalo, Albany, Philadelphia, Baltimore, and other cities in order to maintain ample corn reserves in the Northeast. About ten and one-half million bushels will be placed in storage in this area and about half of that quantity is already in the area or in transit.

Movement of corn into the Northeast serves a threefold purpose, the Corporation points out. First, it assures feeders, dairymen, poultrymen, and consumers in the Northeastern States of a reserve feed supply that will guard against any transportation shortage that might develop out of the defense program; second, it will provide consumers in that area with corn at fairly stable price levels; and, third, it will clear out space now occupied in the Middle West and needed for storage of the new wheat crop.

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FARM PRODUCT PRICES
UP 2 POINTS IN MAY

Stimulated by improved domestic demand and by Government purchases under the food-for-defense program, the index of prices received by farmers for their products in mid-May advanced 2 points to 112 percent of the 1910-14 level. This figure is 14 points above a year earlier and the highest level recorded since October 1937.

REFERENDUM ANNOUNCED FOR PROPOSED
IDAHO-OREGON POTATO MARKETING PLAN

The Department of Agriculture announced recently that industry approval will be sought for a proposed Federal marketing agreement program to regulate the handling in interstate commerce of Irish potatoes produced in designated counties of Idaho, and in Malheur County, Oreg. Growers will have the opportunity to vote in a referendum on a Federal order that would make the terms of the proposed agreement applicable to all handlers. The dates for the referendum have been announced as June 16 to 21, and, at the same time, the marketing agreement will be submitted to handlers for their signatures.

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FARMERS VOTE "YES"
ON WHEAT REFERENDUM

Nearly complete unofficial returns indicate that wheat farmers on May 31 approved marketing quotas for the 1941 crop with an 80.8 percent favorable vote. More than a half million wheat farmers voted in the referendum held in 40 States, and of the 505,207 votes tabulated to date 408,091 were in favor of quotas, and 97,116 were opposed. An estimated 40,000 to 50,000 votes, principally absentee ballots, remain to be tabulated.

This is the first time marketing quotas, provided under the Agricultural Adjustment Act of 1938, have been applied to wheat. Cotton, tobacco, and peanut growers previously approved quotas. The Act provides that when supplies of wheat are 35 percent or more above normal domestic consumption and exports, marketing quotas must be proclaimed. Quotas remain in effect, however, only when approved by two-thirds of the wheat farmers voting in a national referendum.

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JOHN L. BUNTIN NAMED HEAD
OF AMS TRANSPORTATION WORK

John L. Buntin, who comes to the Agricultural Marketing Service after 18 years of service with railroads serving agricultural areas, will have immediate supervision of transportation matters. These activities include the direction of all reporting programs in connection with shipments, movement, and unloads of farm products as reported by public carriers.

For the past 5 years Mr. Buntin has been State freight traffic representative in Florida, and has been especially active in the important fruit and vegetable shipping areas of the State. He was formerly employed by the Alabama Polytechnic Institute at Auburn, Ala.

OFFICIAL VOTE IN PEANUT REFERENDUM

In announcing official results of the peanut marketing quota referendum, held April 26, 1941, the Department of Agriculture says that a total of 73,850 peanut growers voted in 14 peanut-producing States. Of this number, 64,462, or 87.3 percent, were in favor of marketing quotas, while 9,388, or 12.7 percent, opposed quotas. Approval of two-thirds of the farmers voting was necessary to put quotas into effect.

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VIRGINIA MILLING FIRM FINED \$25 FOR VIOLATION OF FEDERAL SEED ACT

The Davis Milling Company, Inc., of Norfolk, Va., was convicted on May 5, 1941, on a plea of guilty and fined \$25 for a violation of the Federal Seed Act. Though a number of seizures have been made, this terminates the first criminal action brought under the new Act that went into effect last year.

The violation for which the Norfolk firm was fined was the sale and delivery for interstate transportation of rye seed labeled to indicate that 85 percent of the seed would germinate, but tests showed that little or none of the seed would germinate. The shipment of 50 bags was made into North Carolina in September 1940.

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FINDS EFFECTIVE CONTROL FOR CORN EARWORM MENACE

The familiar brown-green corn earworm that for years has reared its ugly head when housewives husked sweetcorn for the family dinner table will be definitely a thing of the past, if farmers use control measures developed by the New Jersey State Agricultural Experiment Station. The control is an oil-dichloroethyl-ether mixture, which is odorless, tasteless, colorless, nonpoisonous to humans, and comparatively inexpensive. Applications in tests made last summer on New Jersey farms gave 90 percent worm-free corn.

The oil-dichloroethyl-ether mixture can be made up at an approximate cost of 80 cents a gallon, and an acre of corn averaging 9,000 ears can be treated with two gallons of the material. The only apparatus required is a force-oiler of from one-fourth to one-half pint capacity, equipped with a slender spout. Only one application is necessary for each ear, and it should be given about four days after the corn silk appears. The mixture is applied to the silk at the end of the ear, so that the oil will coat the silk for a few inches from the end. The corn earworm larvae are killed by contact with the oil film insecticide.

FEDERAL SEED VERIFICATION SERVICE TO BE CONTINUED

The Federal seed verification service will be continued during the fiscal year beginning July 1, 1941, the Department of Agriculture announced recently. Over 100 seedsmen who handled nearly 80 million pounds of alfalfa and red clover seed verified as to origin enrolled in this service during the 1940-41 season, and replies to questionnaires recently sent them by the Agricultural Marketing Service, which supervises this work, indicated that a large majority desired continuation of the service.

Under this service dealers in alfalfa and red clover seed voluntarily agree to an official verification of the seed as to State of origin. A special Department of Agriculture tag certificate of origin is attached to containers of verified-origin seed as a measure of protection to buyers.

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AMS REPORTS ON FRUIT AND VEGETABLE "DEALS"

With the marketing season for storage and spring crops of fruits and vegetables at an end, a number of marketing summaries--"deal reports"--are now available. These reports, showing carlot shipments, cold storage holdings, and prices, may be obtained upon request from the Agricultural Marketing Service.

The following summaries were issued during May:

- Maine Potatoes, 1940-41 Season
- Western and Central New York Apples, 1940-41 Season
- Western and Central New York Cabbage, 1940-41 Season
- Western and Central New York Carrots, 1940-41 Season
- Western New York Celery, 1940 Season
- Western New York Grapes (Finger Lakes Section), 1940 Season
- Western and Central New York Onions, 1940-41 Season
- Western New York Peaches, 1940 Season
- Western New York Pears, 1940 Season
- Western New York Potatoes, 1940-41 Season
- North Carolina Strawberries, 1941 Season
- Louisiana Strawberries, 1941 Season
- Texas Citrus, 1940-41 Season
- Colorado Peaches, 1940 Season
- Washington Lettuce, Cauliflower, and Peas, 1940 Season
- Washington Cherries and Apricots, 1940 Season
- Interstate Shipments of California Grapes, 1940 Season
- Imperial Valley Cantaloups, 1940 Season
- Florida Strawberries, 1941 Season

-PERTAINING TO MARKETING-

The following reports and publications, issued recently, may be obtained upon request from:

The Agricultural Marketing Service:

Farm Production, Disposition, and Income from Milk, 1924-1940,
By States . . . By John L. Wilson

Dairy and Poultry Market Statistics, 1940 Annual Summary

Livestock, Meats, and Wool Market Statistics and Related Data,
1940 . . . Compiled by Edna M. Jordan

Arizona Cotton--Estimated Acreage, Yield, and Production, In-
cluding Both Short Staple and American-Egyptian, 1928-1939

Missouri Corn--Estimated Planted Acreage, Yield, and Production,
1928-1939, By Counties

Tests of Irrigated and Rain-grown American Upland Cotton, Crop
of 1939

The Utilization of Capacity and the Production and Distribution
of Products by the Cottonseed Crushing Industry . . . By G. S.
Meloy (Address)

Standards:

Official Grain Standards of the United States for Soybeans

United States Standards for Grades of Canned Peas

United States Standards for Grades of Dried Apricots

The Farm Credit Administration:

Marketing Problems for Maine Potato Producers . . . By Gordon W.
Sprague

Cooperative Grain Marketing in the United States . . . By Harold
Hedges

Operation of Small-lot Country Fruit and Vegetable Auctions . . .
By Edwin W. Cake

The Commodity Exchange Administration:

Grain Prices and the Futures Market . . . By G. Wright Hoffman
and J. W. T. Duvel

